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SUBJECT: Georgia Bi-Weekly Update April 5

¶1. This cable contains current items of political, economic, and social interest concerning Georgia during the weeks of March 24-April 6.

Georgians Pay Tribute to
Late President Gamsakhurdia

¶2. Thousands of people throughout Georgia came to pay their respects to late President Zviad Gamsakhurdia, whose remains were brought to Georgia from Chechnya last week for reburial, 13 years after his death. President Saakashvili and other officials attended a public memorial service in Mtskheta on March 31 for Gamsakhurdia, who died in 1993 after being overthrown and then leading an unsuccessful rebellion. Gamsakhurdia's remains were accompanied to Tbilisi April 1 by mourners carrying Gamsakhurdia's portrait and Georgia's former flag. His coffin was put in front of the Parliament building and then taken to the Mtatsminda Pantheon for burial. Speaking at the funeral, Saakashvili characterized Gamsakhurdia as "an outstanding fighter for Georgia's independence," although he noted that in the early 1990s "Georgia had no political experience of building an independent state, and this was one of the causes of the serious trials and problems that confronted the country at that time." Saakashvili said "the time has come to rectify" mistakes from that period, including the dissolution of the South Ossetian Autonomous Region.

Educational Programs for
Gali and Kodori

¶3. On March 30, the Ministry of Education (MOE) and the Parliamentary Commission on Georgia's Territorial Integrity announced that the MOE had paid GEL 256,000 in arrears in 2006 to school teachers working in the Gali district of Abkhazia, and that by the end of this year their salaries would at least double. This year the MOE has allocated around 38,000 GEL for rehabilitation of 3 schools in the Georgian-controlled Upper Kodori Gorge and 30 schools in Gali. With the assistance of the Norwegian Refugee Council, the MOE is supporting a Preparation Center in Zugdidi for secondary school graduates from Abkhazia who will be taking national exams this year for enrollment in Georgian universities.

New Banknote Features Scene
from Abkhazia

¶4. On March 31 the National Bank of Georgia introduced a new GEL 200 (USD 118) banknote that will go into circulation in two weeks' time. The new note features a portrait of Kakutsa Cholokashvili, a Georgian national hero who led an uprising against the Bolsheviks in the 1920s, on the front, while the reverse side has a picture of the breakaway Abkhaz capital, Sokhumi, and the words "Sokhumi, Abkhazia" in three languages, Abkhaz, English and Georgian. President Saakashvili, who attended the presentation, affirmed that the banknote was an expression of Georgia's territorial integrity. National Bank Chairman Gotsiridze said "This depiction of Abkhazia is a sign of the future. Georgians and Abkhazians should live side

by side, striving to rebuild a new Abkhazia, where all will live in peace and friendship." With up to twenty unique anti-forgery features, the banknote is one of the most secure in the world, according to the German specialist who developed it.

OPIC Supports Dairy Production
and Cold Storage Facility

15. On March 27, the Overseas Private Investment Corporation (OPIC) and Sante GMT Products, a leading dairy production company in Georgia, signed a USD 4 million loan agreement for the expansion of the company's operations. The signing was held at OPIC's offices and attended by the Georgian Ambassador in Washington. Also on March 27, OPIC and American Monolith signed a loan agreement for USD 3.9 million for the construction of a cold storage facility in Poti. On April 12, Georgian Prime Minister Noghaideli is scheduled to visit OPIC for a meeting with its president, Robert Mosbacher, Jr.

New American Company in Tbilisi

16. On March 24 Ambassador Tefft and Michael Brocket, general director of the American company PXPost, participated in the ribbon cutting ceremony for PXPost's office in Tbilisi. The Tbilisi office is the company's second in the Caucasus, following an office in Azerbaijan that opened in 1999. PXPost provides worldwide mail courier services through its PO boxes in USA, U.K, Azerbaijan, and Georgia to individual and corporate customers.

Kazakh Investment in Georgia's
Fixed-Line Telecom

17. On March 28, the Georgian Government approved the sale of Ajara Electrocavshiri -- owner of telephone lines in the Ajara region --

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for USD 4 million to Black Sea Telecom, the same company that acquired a 90 percent share of United Telecom of Georgia (UTG) in 2006. UTG is one of the country's largest telecommunication companies, covering nearly 80 percent of the fixed-line network, and providing services to over 350,000 customers - about 70 percent of the total market of the local calls. Georgia's largest Internet provider, Caucasus Networks (CN), has voiced concerns that UTG is gaining a monopoly in the Georgian fixed-line telecommunications market. CN officials predict that UTG will increase its service charges, which will negatively impact local internet providers.

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